



House of Representatives

General Assembly

File No. 138

January Session, 2013

House Bill No. 6466

House of Representatives, March 25, 2013

The Committee on Commerce reported through REP. PERONE of the 137th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CLARIFYING COLLATERAL REQUIREMENTS FOR APPLICANTS FOR FINANCIAL ASSISTANCE FROM THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 32-701 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (a) The terms and conditions of any agreement for state assistance
5 under any program of the general statutes to a business entity
6 operated for profit administered by the Department of Economic and
7 Community Development and Connecticut Innovations, Incorporated,
8 shall include provisions for (1) specific goals for the creation and
9 retention of full-time and part-time jobs and for periodic reports by the
10 recipient on progress in achieving such goals if the primary purpose of
11 the state assistance is job creation or retention, and (2) a requirement
12 that an applicant for state assistance, except (A) equity investments, (B)

13 grants, and (C) loans of a term of less than one year, provide the
14 agency with security that is appropriate and reasonable in the
15 circumstance for such financial assistance, including, but not limited
16 to, a letter of credit, a lien on real property or a security interest in
17 goods, equipment, inventory or other property of any kind and that
18 the recipient of such state assistance will remain in substantial material
19 compliance with state and federal law.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	32-701(a)
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CE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill clarifies that applicants seeking grant funding assistance for any duration of time are not required to provide collateral. This codifies the current practice of the Department of Economic and Community Development and Connecticut Innovations, Inc. and therefore has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 6466*****AN ACT CLARIFYING COLLATERAL REQUIREMENTS FOR APPLICANTS FOR FINANCIAL ASSISTANCE FROM THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED.*****SUMMARY:**

By law, most businesses that apply for financial assistance from the Department of Economic and Community Development and Connecticut Innovations, Inc. must provide the agencies with collateral, such as a letter of credit, a lien on real property, or a security interest in equipment, inventory, or other property.

Current law exempts from the collateral requirement applicants for state assistance in the form of grants and loans for terms of less than one year. This bill broadens the exemption to include applicants seeking a grant of any duration. It retains the one-year limit on loans.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 13 Nay 4 (03/07/2013)